



**STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS**

DRAFT

Date:	04/09/14	Bill No:	Assembly Bill 1434
Tax Program:	Low-Income Water Rate Assistance	Author:	Yamada
Sponsor:	Author	Sections:	GC 12092
Related Bills:		Effective:	01/01/15

BILL SUMMARY

Among other things, this measure requires the State Board of Equalization (BOE), in collaboration with the Department of Community Services and Development (Department), to develop a Low-Income Water Rate Assistance Program funding and implementation plan.

ANALYSIS

CURRENT LAW

The BOE annually collects the [Water Rights Fee](#), which applies to owners of water rights. Among other things, current law¹ requires each person or entity that holds a permit or license to appropriate water and each lessor of water to pay the annual fee according to a fee schedule established by the State Water Resources Control Board (SWRCB).²

Water Code Section 1537 requires the BOE to collect all annual fees and other fees referred to the BOE by the SWRCB for collection. The BOE collects the fees pursuant to the Fee Collection Procedures Law.³

The BOE deposits the fees collected into the Water Rights Fund in the State Treasury.

PROPOSED LAW

This bill adds Section 12092 to the Government Code to establish the Low-Income Water Rate Assistance Act (Act). Among other things, the Act requires the Department, in collaboration with the BOE, to develop a funding and implementation plan for a Low-Income Water Rate Assistance Program (Program) no later than January 1, 2016. The Act requires the Program to include a description of:

- a fund collection method to support and implement the Program;
- the Program's funding assistance mechanism through direct enrollee credits or water service provider reimbursement; and
- the methodology to determine the amounts to collect from water ratepayers in order to fund the Program.

The Act specifically states that it does not authorize the imposition of a state charge to fund the Program.

¹ Chapter 8 (commencing with Section 1525) of Part 2 of Division 2 of the Water Code.

² Water Code Section 1525.

³ Part 30 (commencing with Section 55001) of Division 2 of the Revenue and Taxation Code.

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The Act requires the Department to establish the Program that will require water service providers in the state to provide discounts or subsidies for eligible low-income residential water ratepayers who enroll. Furthermore, the Act allows the Department to request specified documentation to determine an enrollee's program eligibility. The Act also outlines the program development requirements, and creates the Low-Income Water Rate Assistance Plan in the State Treasury.

The Act defines the following terms:

- "Board" means the State Board of Equalization.
- "Department" means the Department of Community Services and Development.
- "Fund" means the Low-Income Water Rate Assistance Fund.
- "Low-income" means a household with income that is equal to or no greater than 200% of the federal poverty guideline level. For one-person households, program eligibility shall be based on two-person household guideline levels.
- "Program" means the Low-Income Water Rate Assistance Program.
- "Water service provider" means a water corporation, public utility district, or other entity that provides water service to residential water customers in the state.

The bill becomes effective January 1, 2015.

IN GENERAL

Created in 1879 by a constitutional amendment, the BOE was initially responsible for ensuring that county property tax assessment practices were equal and uniform throughout California.

The BOE began to levy four new taxes, including insurance and corporate franchise taxes, in 1911 to produce revenue for services throughout the state. As a result of the Great Depression, the BOE assumed the collection of the newly created sales tax in 1933 and the use tax in 1935. In addition to property tax administration, the BOE currently administers the state's sales and use, fuel, alcohol, tobacco, and numerous other taxes and fees that fund specific state programs.

COMMENTS

1. **Sponsor and purpose.** This measure is sponsored by the author to develop a plan to fund and implement a program that provides assistance to low-income water ratepayers.
2. **The BOE's scope and mission.** The BOE's mission is to service the public through fair, effective, and efficient *tax administration*.

This measure requires the BOE to collaborate with the Department to develop a plan for the Program's funding and implementation. The Act prescribes the Program elements to include specified descriptions: collection and implementation methods, funding assistance mechanism under the Program, and a method to determine the funds necessary to support the Program.

The BOE commits to providing quality customer service. As part of that commitment, the BOE provides information and advice to the Legislature, industry groups, taxpayers, other state agencies, and other interested parties regarding tax and fee programs that the BOE currently administers. However, the proposed BOE collaboration extends beyond the BOE's scope and mission. Except for tax

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collection and administration expertise, the BOE has no expertise or stated position related to low-income funding assistance or funds necessary to support the Program. Should the bill specify another agency or agencies, instead of or in addition to the BOE, to collaborate with the Department to develop the Program?

COST ESTIMATE

BOE administrative costs related to this bill include staff time to work in collaboration with the Department to develop the Program. An estimate of these costs is pending.

REVENUE ESTIMATE

This measure does not impact state revenues collected for the state by the BOE.

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